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IN THE UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

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| TEXTURED COATINGS OF AMERICA, INC.<br>Plaintiff,<br>v.<br>SOUTHERN CALIFORNIA CONSTRUCTION CONSULTANTS, INC. and DOES 1-25;<br>Defendants | Case No.:<br><br>**COMPLAINT FOR FEDERAL AND STATE TRADEMARK INFRINGMENT, UNFAIR COMPETITION AND BREACH OF CONTRACT**<br><br>**DEMAND FOR JURY TRIAL** |

Plaintiff Textured Coatings of America Inc., ("TexCote") alleges against Defendants Southern California Construction Consultants, Inc. , ("SCCCI") and DOES 1 – 25 (collectively, "Defendant" or "Defendants") as follows:

## INTRODUCTION

1. This action is brought to recover damages and for injunctive relief arising under the trademark laws of the United States and related state laws, and this Court has original jurisdiction of the subject matter for each of the following claims:

a. Trademark infringement in violation of the *Lanham Act*, 15 U.S.C § 1051 *et. seq*., with jurisdiction vested in this Court by virtue of 15 U.S.C. §§1121, and 28 U.S.C § 1331, 1332 and 1338(a).

b. Trademark infringement in violation of state common law with jurisdiction vested in this Court by virtue of 28 U.S.C §§ 1332, 1338(b) and 1367(a).

c. Unfair competition in violation of California common law and Cal. Bus. & Prof. Code 17200 with jurisdiction vested in this Court by virtue of 28 U.S.C § 1332, 1338(b) and 1367(a).

d. Breach of Contract

2. The amount in controversy exceeds $75,000, exclusive of interest and costs.

3. Venue is proper in this district by virtue of 28 U.S.C § 1391(b) and 28 U.S.C § 1400(a) in that Defendant is a California corporation with its principle place of business located in this district. In addition, acts of infringement, unfair competition and breach of contract have been committed in this District.

## THE PARTIES

4. TexCote is a corporation duly organized and existing under the laws of the State of California with its principal place of business located at 2422 E. 15th Street, Panama City, Florida 32405. Plaintiff maintains operations, manufacturing, warehousing and sales operations in this district at 5950 S. Avalon Blvd., Los Angeles, California 90003.

5. TexCote is informed and believes, and on that basis alleges, that Defendant SCCCI is a corporation existing under the laws of the State of California having its principle place of business located at 9960 Canoga Ave., D1 Chatsworth, California 91311.

6. Doe Defendants 1 – 25 are entities and individuals who acted jointly and in concert to commit the acts complained of herein. The Doe Defendants true names and capacities are presently unknown to Plaintiff but are likely to be obtained through discovery. Together with Defendant SCCCI each of the fictitiously named Defendants is responsible in some manner for the acts and occurrences alleged in this complaint. Defendant SCCCI and each of the fictitiously name Defendants proximately caused the damages alleged herein.

## FACTUAL ALLEGATIONS COMMON TO ALL CAUSES OF ACTION

7. TexCote is the exclusive owner of all rights, title and interest in and to:

a. U.S. Trademark Reg. No. 0868610. A true and correct copy of such trademark is attached as Exhibit 1.

b. U.S. Trademark Reg. No. 1558695. A true and correct copy of such trademark is attached as Exhibit 2.

c. U.S. Trademark Reg. No. 3290010. A true and correct copy of such trademark is attached as Exhibit 3.

d. U.S. Trademark Reg. No. 3227295. A true and correct copy of such trademark is attached as Exhibit 4.

The above Trademark Registrations are collectively referred to herein as the “TexCote Trademarks”.

8. TexCote which was founded in 1961 and recently celebrated its 56th anniversary, is a well-known advanced coatings manufacturer and marketer. TexCote offers a complete line of decorative and protective high-build architectural coatings for commercial, industrial, transportation and residential applications. Genuine TexCote products are found on some of the most prestigious buildings,

historical landmarks, commercial and residential buildings, commercial structures, bridges, barrier walls, control towers and family homes throughout the world.

9. TexCote's sales have been extensive and a substantial portion of those sales are from its TexCote and Coolwall brands and the TexCote Trademarks. The TexCote trademark was first used in Commerce as early as October 26, 1961 and the Coolwall trademark was first used in Commerce as early as March 31, 2006.

10. The TexCote Trademarks are associated with TexCote in the minds of consumers, the public and the trade. They identify high quality products associated and originating with TexCote.

11. TexCote has gone to great lengths over its 56 year history to protect its name and enforce the TexCote Trademarks.

12. The TexCote Trademarks are unique and unusual and no other manufacturer uses them, individually or collectively, to denote source in the industry, as TexCote does.

13. On December 31, 2006 SCCCI and TexCote entered into a Trademark License Agreement, granting SCCCI a non-exclusive license to the TexCote's COOLWALL SYSTEMS Trademark. A true and correct copy is attached as Exhibit A.

14. SCCCI also signed two Textured Coatings of America, Inc. Literature and Trademark Agreements, one is for standard dealers and the second is for Platinum Dealers. True and correct copies are attached as Exhibit B.

15. SCCCI has breached the Trademark License Agreement and the Literature and Trademark Agreements by continuing to use the TexCote Trademarks after the relationship was terminated.

16. On February 19, 2016 TexCote sent a letter to SCCCI informing them of termination of the agreement and requesting to remove all TexCote Trademarks and all Coolwall logos and registered trademarks from the marketing materials and websites. A true and correct copy is attached as Exhibit C.

17. TexCote terminated the relationship due to Defendant not meeting its sales quotas which were agreed as part of being a TexCote Platinum dealer.

18. After TexCote notified SCCCI of termination of the relationship, Plaintiff is informed and thereon believes that SCCCI continued to use the TexCote Trademarks. Screen captures of the SCCCI website showing the TexCote Trademarks in use are attached as Exhibit D.

19. After discovering this continuing use over a year later, Defendants still have TexCote's Trademarks on their website, TexCote then sent a cease and desist letter on April 17, 2017 to Defendants informing them to stop using the TexCote Trademarks. A true and correct copy of this letter is attached as Exhibit E.

20. On April 25, 2017 SCCCI wrote TexCote a letter in response assuring TexCoat they will have the TexCote Trademarks removed. A true and correct copy of this letter is attached as Exhibit F.

21. Defendants, their agents, employees and representatives, are aware of TexCote's reputation and goodwill in its TexCote Trademarks and Coolwall brands and trademarks.

22. Defendants still advertise, promote and sell their products with TexCote's Trademarks on their website and Defendants have infringed, and are continuing to infringe on the TexCote Trademarks.

23. The use of TexCote's Trademarks is likely to cause confusion, to cause mistake, or to deceive, as to their sponsorship or origin.

24. Defendants do not currently have TexCote's authorization to continue to use the TexCote Trademarks in any way.

25. The infringement by SCCCI of the TexCote Trademarks is likely to confuse consumers, the public and the trade to believe erroneously that products sold by Defendants emanate or originate from TexCote, or that said products are sponsored, or approved by TexCote, even though they are not.

26. Defendant's actions are malicious, intentional and willful. Defendants are aware of the termination of the use of TexCote's Trademarks yet continue to use the TexCote Trademarks.

27. This confusion causes irreparable harm to TexCote and weakens the TexCote Trademarks.

28. Defendants have unfairly benefited and profited from TexCote's reputation for high quality products and its advertising and promotion of its products.

29. Defendants have profited through the infringement of the TexCote Trademarks and as a result of Defendant's unlawful infringement of TexCote's Trademarks, TexCoat has suffered and will continue to suffer damages. TexCote is entitled to recover from Defendants the damages suffered by TexCote as a result of Defendants' unlawful acts.

30. Defendants' infringement of the TexCote Trademarks is willful and deliberate, entitling Tex Cote to enhanced damages and reasonable attorney fees and costs.

31. On information and belief, Defendants intend to continue their unlawful infringing activity, and TexCote continues to, and will continue to suffer irreperable harm for which there is no adequate remedy at law from such unlawful infringing activity unless the Defendants are enjoined by this court.

32. Defendants' use of TexCote's Trademarks on or in connection with the promotion, advertising, sale, offering for sale, or distribution of Defendants' products constitutes trademark infringement and unfair competition because such acts constitute false representations, false descriptions, false designations of origin and cause a likelihood of confusion deception and mistake by the consuming public and the trade.

33. TexCote has suffered loss of profits and other damages from the confusion, mistake and deception resulting from the acts of Defendants, and TexCote is informed and believes, and thereon alleges, that TexCote will continue to suffer

such damages unless and until Defendants are enjoined and restrained by this Court from engaging in the acts complained herein.

**COUNT I**

**Federal Trademark Infringement 15 U.S.C. § 1114**

34. TexCote incorporates by reference the allegations set forth in Paragraphs 1 through 33 inclusive of this Complaint as though fully set forth herein.

35. Defendants have advertised and offered for sale products using the TexCote Trademarks without TexCote's authorization.

36. TexCote's products and trademarks are nationally recognized as goods and products of a high quality and emanating from TexCote.

37. The registrations are in full force and effect and Plaintiff has authorized responsible manufacturers and vendors to sell the products with these marks. Defendant is no longer one of those vendors.

38. Defendants' unauthorized use of the TexCote Trademarks on inferior quality products in interstate commerce and advertising, the use and promotion of products that are likely to cause confusion, or to cause mistake, or to deceive as to the origin, sponsorship, or approval of Plaintiff constitutes trademark infringement.

39. Defendants' actions, as described above, constitute false and misleading descriptions, misrepresentations of fact in commerce which, in commercial advertising and promotion misrepresent the nature, characteristics, and qualities of Defendants' products and/or TexCote products.

40. Defendants activities described above have at all times been willful and/or knowing, entitling TexCote to enhanced damages and an award of attorney's fees.

41. As a direct and proximate result of actions of Defendants described above, TexCote has been damaged, and will continue to be damaged.

42. Without TexCote's consent, Defendants used and continue to use in commerce the TexCote Trademarks set forth in the allegations above in connection with the offering, distribution, and/or advertising of goods and services which is likely to cause confusion, or to cause mistake, or to deceive, in violation of the Lanham Act 15 U.S.C. § 1114(1).

**COUNT II**

**Federal Unfair Competition and False Designation of Origin/Passing Off**

**15 U.S.C. § 1125(a)**

43. TexCote incorporates by reference the allegations set forth in Paragraphs 1 through 42 inclusive of this Complaint as though fully set forth herein.

44. Defendants have deliberately and willfully attempted to trade on TexCote's long standing and hard-earned goodwill in its name and TexCote Trademarks and the reputation established by TexCote in connection with its products, as well as in order to confuse consumers as to the origin and sponsorship of Defendants' goods and to pass off their products in commerce as those of TexCote.

45. Through Defendants' use of the TexCote Trademarks, its advertising in connection with its sale of its products, Defendant is passing off its products in a manner that is false, misleading and misrepresentative of the nature, characteristics of its products.

46. Defendants acts are likely to cause confusion, or mistake and have confused and deceived actual and potential customers into believing that the products offered by Defendant are actual TexCote's products and/or affiliated with, sponsored by, or somehow connected with TexCote.

47. As a direct and proximate result of Defendants' actions, TexCote has suffered and continues to suffer damages, including damage to its goodwill and reputation.

48. The knowing, intentional and willful nature of the acts set forth herein renders this an exceptional case under 15 U.S.C. § 1117(a).

49. The continuing loss of goodwill cannot be properly calculated and thus constitutes irreparable harm and injury for which TexCote has no adequate remedy at law unless the Court enjoins Defendants' conduct.

50. Defendants' acts above constitute unfair competition, false designation of origin and passing off under 15 U.S.C. § 1125(a).

## COUNT III

## Trademark Infringement and Unfair Competition Under Common Law and California Law

51. TexCote incorporates by reference the allegations set forth in Paragraphs 1 through 50 inclusive of this Complaint as though fully set forth herein.

52. Defendants have infringed TexCote's trademark rights, competed unfairly with TexCote and misappropriated and traded upon TexCote's goodwill and business reputation by falsely representing the source of its goods as being sponsored by, approved by, or affiliated with TexCote in a manner that is likely to cause confusion among ordinary consumers.

53. Defendants have deliberately and willfully attempted to trade on TexCote's long standing and hard-earned goodwill in its name and marks and the reputation TexCote established in connection with its products, as well as to confuse consumers as to the origin and sponsorship of Defendants' goods and to pass their products off as those of TexCote.

54. Defendants have engaged in unfair trade practices within the meaning of the California Business and Professions Code §§ 17200 *et. seq*., by engaging in the acts alleged herein, including:

a. Causing a likelihood of confusion or a mistake as to the source, sponsorship, approval or certification of Defendants' goods;

b. Causing a likelihood of confusion or misunderstanding as to the affiliation, connection or association of Defendants' products with TexCote and its goods;

c. Representing that some of their goods have sponsorship, approval, characteristics or qualities that they do not have, or that Defendants' goods have a sponsorship, approval, status, affiliation or connection that they do not, in fact, have;

d. Disparaging the goods and business of TexCote by making false and misleading representations of fact; and

e. Engaging in other conduct which similarly creates likelihood of confusion or of misunderstanding.

55. As a result of Defendants' aforesaid conduct, Plaintiff has suffered substantial damages as well as the continuing loss of goodwill and reputation established by TexCote in its products and the TexCote Trademarks. The continuing loss of goodwill cannot be properly calculated and thus constitutes irreparable harm and injury.

56. Defendants' conduct alleged herein infringes TexCote's California statutory and common law trademark rights, is improper and constitutes statutory and common law trademark infringement and unfair competition with TexCote, all of which have damaged and will continue to damage irreparably Plaintiff's goodwill and reputation unless restrained by this Court, because TexCote has no adequate remedy at law for Defendants' conduct.

57. Defendants' actions alleged herein and their unlawful trade practices are willful and intentional and are likely to cause substantial injury to the public and to TexCote, and TexCote, therefore, is entitled to injunctive relief pursuant to California Business and Professions Code § 17203.

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## COUNT IV

## Breach of Contract

58. TexCote incorporates by reference the allegations set forth in Paragraphs 1 through 57 inclusive of this Complaint as though fully set forth herein.

55. TexCote and Defendant entered into a Trademark License Agreement, a standard Dealer Literature and Trademark Agreement and a Platinum Dealer Literature and Trademark Agreement;

56. TexCote has performed all of their obligations, covenants, and conditions required of them under these agreements, except to the extent any such obligations, covenants and conditions have been excused, prevented, or waived by Defendant's acts and omissions.

57. Defendants through the conduct described above, breached these three Agreements.

58. TexCote was harmed by the breaching conduct described above.

## PRAYER FOR RELIEF

WHEREFORE, TexCote prays for judgment against Defendants as follows:

1. A judgment that Defendants have infringed the TexCote Trademarks;

2. A judgment that Defendants infringement of the TexCote Trademarks was willful, intentional and malicious;

3. That Defendants, and each of their agents, servants, employees, attorneys, successors and assigns and all persons in active concert or participation be enjoined and restrained preliminarily and perpetually and permanently from:

   a. Infringing any common law trademarks and any of the following U.S. Trademark Registration Nos. 0868610, 1558695, 3290010 and 3227295.

   b. Using in any manner any of the TexCote Trademarks, alone or in combination with any word or words, or using any other words, symbol, configurations or designs which so resemble said marks as to be likely to cause confusion, deception or mistake, on or in connection with the advertising, offering for sale or sale of any product which is not manufactured, distributed or otherwise authorized by or for TexCote;

c. Attempting to or passing-off any product as a product affiliated with or sponsored by TexCote, which product is not produced under the authorization, control and supervision of TexCote and approved by TexCote for sale under the TexCote Trademarks;

d. Committing any acts calculated or intended to cause purchasers to believe falsely that any of Defendants' products are associated with, sponsored by, approved by, guaranteed by, affiliated with or produced under the control and supervision or within the authority of TexCote;

e. Otherwise competing unfairly with TexCote in any manner;

f. Obtaining, possessing, shipping, delivering, distributing, returning or otherwise disposing of in any manner advertising materials, goods or inventory bearing any of TexCote's Trademarks;

g. Obtaining, possessing, manufacturing or using any tools, dies, stamping, mixing, embossing, printing, labeling, packaging, silk screening, molding equipment or any other apparatus designed especially for the manufacture or labeling of unauthorized products bearing the TexCote Trademarks and packaging and advertising or display material relating thereto; or

h. Continuing to perform in any manner whatsoever any infringing acts.

4. That Defendants be required to deliver immediately to TexCote or its attorneys for destruction any and all products, guarantees, warranties, circulars, price lists, labels, signs, prints, packages, wrappers, pouches, receptacles, advertising

matter, promotional and other material in its possession or control bearing the infringing TexCote Trademarks; alone or in combination with any other words, or any other words or symbols which so resemble the TexCote Trademarks as to be likely to cause confusion, mistake or deception, which is or can be used in connection with the advertising, offering for sale, or sale of any product or service which is not manufactured, distributed or otherwise authorized by TexCote;

5. That TexCote be awarded damages against Defendants adequate to compensate TexCote for Defendants' infringement of the TexCote Trademarks;

6. That all trademark damages against Defendants be trebled on the basis of Defendants' willful infringement of the TexCote Trademarks;

7. That Defendants be required in accordance with 15 U.S.C. § 1117, to account for and pay to TexCote three times all gains, profits, benefits and advantages derived by Defendants and three times all damages suffered by TexCote from the above-described acts of trademark infringement, misrepresentation, unfair trade practices and unfair competition and that such amounts be determined by the Court;

8. And such other damages as the Court shall deem to be just; and

9. All costs and attorneys' fees incurred in this action.

10. That Defendants be required to pay TexCote punitive and enhanced damages in an amount as the Court may determine for malicious, willful, intentional, deliberate and tortious conduct of Defendants.

11. Any other and further relief as the Court may deem just and proper.

May 26, 2017 BURNS & SCHALDENBRAND

By/s/ Lisa Reichenthal

LISA REICHENTHAL, ESQ.
Attorney for Textured Coatings of America, Inc.

## DEMAND FOR JURY TRIAL

Pursuant to Federal Rule of Civil Procedure 38(b), Plaintiff Wheel Pros, LLC hereby demands a jury trial on all issues in the Complaint so triable.

Dated: May 26, 2017

BURNS & SCHALDENBRAND

By /s/ Lisa Reichenthal

LISA REICHENTHAL, ESQ.
Attorney for Textured Coatings of America, Inc.